



**North Carolina Department of Health and Human Services**  
**Division of Mental Health, Developmental Disabilities and Substance Abuse Services**  
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Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Michael Moseley, Director

July 20, 2004

**MEMORANDUM**

**To:** Legislative Oversight Committee Members  
Commission for MH/DD/SAS  
Consumer/Family Advisory Committee Chairs  
Advocacy Organizations and Groups  
North Carolina Association of County Commissioners  
County Managers  
County Manager Chairs  
North Carolina Council of Community Programs  
State Facility Directors  
Area Program Directors  
Area Program Board Chairs  
State Facility Directors  
DHHS Division Directors  
Provider Organizations  
MH/DD/SAS Professional Organizations and Groups  
MH/DD/SAS Stakeholder Organizations and Groups  
Other MH/DD/SAS Stakeholders

**From:** Mike Moseley

**Re: Communication Bulletin #023**  
**Final DHHS/LME Contract**



Enclosed is a copy of the final State Fiscal Year 2004-2005 (SFY 04/05) contract between the North Carolina Department of Health and Human Services (DHHS) and the Local Management Entities (LMEs).

In accordance with the process we outlined in Communication Bulletin 15, which published the first draft of this contract, the DHHS (DMH/DD/SAS, Division of Medical Assistance, and Office of the Controller), the NC Council of Community Programs (Council) and the NC Association of County Commissioners (NCACC) have negotiated this contract at a statewide level. As Gary Fuquay and I indicated in the Update memorandum dated May 4, 2004, the contract has undergone significant change through this process.



Both the NCACC and the Council felt strongly that the Local Business Plans (LBP) developed by each LME should represent the Scope of Work for the Contract. The LBP process was mandated by the reform legislation and LMEs and their communities have invested considerable effort in the development of plans that reflect the needs in their catchment areas. The DHHS understood and agreed with that position, but also recognized that LBPs are not currently in a standardized format and that all LBPs may not address every critical issue. This contract, therefore, represents a compromise in that the Scope of Work will be the LBP (Attachment I), but Attachment II – Statewide Requirements takes precedence if there are any differences between the LBP and the Statewide Requirements. In addition to the LBP and Attachment II, the final contract that will be signed with each LME will include the standardized contract 'boilerplate' language, the performance measures that will be in place for SFY 2004-2005 (outlined in Attachment III) and the financing requirements contained in Attachment IV. This final version has received all necessary approvals at the State level.

The LME System Performance Team will now work with each LME to incorporate the LBP into the final contract and secure signatures. Until the final contracts are signed, the Performance Agreement signed during SYF 2003-2004 remains in effect. It is our goal to have all contracts signed and finalized by the end of August, 2004.

The DHHS/LME contract will continue to develop over time. We appreciate all of the thoughtful input provided by stakeholders. We know that this version of the contract does not address all of the issues that various stakeholders wished to see included. In our negotiations, DHHS, the Council and the NCACC committed to working on a developmental plan that will add requirements to the contract over the next several years as LMEs continue to transition their role of managers of services and public policy at the local level. Any input not addressed in the final contract for SFY 2004-2005 will be considered as part of that developmental process.

cc: Secretary Carmen Hooker Odom  
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